

What is the Adaptation Challenge Fund?

The Adaptation Challenge Fund was launched in 2023 under the Strengthening Climate Adaptation and Resilience (SAR) project to promote and seed-fund innovative ideas that leverage financial instruments to support climate adaptation and risk management. The aim was to enhance the climate resilience of vulnerable communities in Pakistan through scalable financial models. Funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and supported by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the ACF provides grants for the piloting of innovative project proposals that help local communities adapt to climate change.

Targeted Groups

Social Businesses

Private Sector

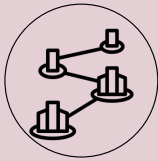
NGOs

CBOs

Selection Criteria



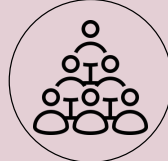
**Focus on
Adaptation**



Scalability



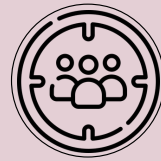
Sustainability



**Organisational
Capacity**



Innovation



**Target
Audience**



**Financial
Instrument**

Key Metrics



136 Applications



**8 Semi Finalist
Projects**



3 Winning Projects



**300,000 Euros
Funding Volume**

Objectives

- Facilitate access to financing for climate adaptation
- Support rural agricultural communities in disaster recovery
- Provide safety nets and enable investments in climate-resilient technologies
- Address barriers to the uptake of financial instruments in Pakistan
- Promote financial literacy and awareness of climate risk solutions
- Fund innovative, non-traditional financial solutions for resilience

The Award

- Three winning organisations were awarded grant funding
- Grant amounts ranged between 70,000 and 150,000 EUR
- Cost sharing of 10-30% of the total project cost was required from applicants
- Funding supported piloting innovative project ideas

The Winning Projects



Punjab Rural Support Programme (PRSP)

Improving the climate change resilience of marginalised households through interest-free loans and training for women and men in the adoption of climate-resilient practices and technologies

PRSP's project in Muzaffargarh aims to enhance climate resilience for 500 marginalised households through interest-free loans and targeted training. Women farmers and entrepreneurs receive support to adopt climate-smart practices like solar energy, efficient irrigation, and resilient crops. Loans cover agriculture, livestock, poultry, and small enterprises, with flexible repayment options. Beneficiaries gain skills in climate-smart agriculture and business management, benefiting 3,250 individuals. Prior community engagement ensures effective implementation. A revolving fund will sustain subsidised loans beyond the project, fostering long-term income generation and climate adaptation. PRSP's scalable model promotes rural resilience and development across similar regions in Pakistan.



Jazz Mosafir & Karakoram Area Development Organization (KADO)

Enhancing climate resilience through index-based community climate insurance in Chitral (KP)

A collaboration between KADO, Jazz Mosafir, and Salam Takaful introduces index-based climate risk insurance for vulnerable communities in Chitral, focusing on farmers, especially women and children. The project aims to reduce agricultural losses, enhance resilience, and promote climate-smart practices. Key activities include developing insurance products, community mobilisation, capacity building, and stakeholder coordination. KADO leads community engagement and outreach, Jazz Mosafir handles project execution and training, while Salam Takaful develops insurance products and promotes uptake. This initiative provides financial protection and recovery support, fostering climate resilience. It also aims to create a scalable, community-based climate insurance model for other regions, ensuring long-term sustainability and stakeholder collaboration.



Rural Aid in consortium with MS Worldwide

Empowering small-scale vulnerable farmers through community-based drone project for climate resilient agriculture

This community-based drone project in Nowshera, Khyber Pakhtunkhwa, enhances small-scale farmers' resilience by integrating precision agriculture, training, and financial support. Drones conduct geospatial assessments to boost farm productivity and promote climate-smart practices. Farmers receive training on climate-resilient techniques, building their capacity to adapt to climate change. Community-based revolving funds offer low-interest microfinance, enabling investments in sustainable farming. The project aims to improve productivity, sustainability, and climate resilience for vulnerable farming communities in Nowshera's flood-prone areas.



14,000 beneficiaries and counting



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